



Rural Development Housing & Community Facilities Programs

[Versión en Español](#)

Rural Housing Repair and Rehabilitation Loans are loans funded directly by the Government. These loans are available to very low-income rural residents who own and occupy a dwelling in need of repairs. Funds are available for repairs to improve or modernize a home, or to remove health and safety hazards. This loan is a 1% loan that may be repaid over a 20-year period.

Purpose: The Very Low-Income Housing Repair program provides loans and grants to very low-income homeowners to repair, improve, or modernize their dwellings or to remove health and safety hazards.

Eligibility: To obtain a loan, homeowner-occupants must be unable to obtain affordable credit elsewhere and must have very low incomes, defined as below 50 percent of the area median income. They must need to make repairs and improvements to make the dwelling more safe and sanitary or to remove health and safety hazards. Grants are only available to homeowners who are 62 years old or older and cannot repay a Section 504 loan.

Terms: Loans of up to \$20,000 and grants of up to \$7,500 are available. Loans are for up to 20 years at 1 percent interest. A real estate mortgage and full title services are required for loans of \$7,500 or more. Grants may be recaptured if the property is sold in less than 3 years. Grant funds may be used only to pay for repairs and improvements resulting in the removal of health and safety hazards. A grant/loan combination is made if the applicant can repay part of the cost. Loans and grants can be combined for up to \$27,500 in assistance.

Standards: Repaired properties do not need to meet other HCFP code requirements, but the installation of water and waste systems and related fixtures must meet local health department requirements. Water supply and sewage disposal systems should normally meet HCFP requirements. Not all the health and safety hazards in a home must be removed with Section 504 funds, provided that major health and safety hazards are removed. All work must meet local codes and standards.

Approval: Rural Development should make a decision on a complete application within 30 to 60 days.

Basic Instruction: 7 CFR Part 3550 and HB1-3550